

FY 2007 Annual Program Performance Measures

DEPARTMENT: MICHIGAN DEPARTMENT OF LABOR AND ECONOMIC GROWTH

APPROPRIATION UNIT: Public Service Commission **PROGRAM:** Regulatory

TIMELINE: October 1, 2006 through September 30, 2007.

PROGRAM MISSION STATEMENT:

To grow Michigan's economy and enhance the quality of life of its communities by assuring safe and reliable energy, telecommunications, and transportation services at reasonable rates.

PROGRAM STATEMENT:

To establish fair and reasonable rates for regulated services and adopt and administer fair terms and conditions of service for the State's utility customers; assure adequate and reliable supplies of regulated services to all Michigan customers, and the safe and efficient production, distribution, and use of the State's energy, telecommunications, and transportation services; assure the security of the State's critical infrastructure by promoting homeland security; promote the State's economic growth and enhance the quality of life of its communities through adoption of new technologies and efficient renewable energy resources; provide customers with the opportunity to choose alternative electric, natural gas, telecommunications, and transportation providers; and provide regulatory oversight in a prudent and efficient manner while implementing legislative and constitutional requirements.

FUNDING SOURCE: Public utility assessments, licensing fees, and grants.

LEGAL BASIS: Public Act 3 of 1939 (MCL 460.1 et seq.); Public Act 419 of 1919 (MCL 460.54 et seq.); Public Act 299 of 1972 (MCL 460.111 et seq.); Public Act 246 of 1921 (MCL 460.201 et seq.); Public Act 149 of 1996 (MCL 460.311 et seq.); Public Act 94 of 1923 (MCL 460.351 et seq.); Public Act 182 of 1971 (MCL 460.461 et seq.); Public Act 69 of 1929 (MCL 460.501); Public Act 106 of 1939 (MCL 460.551 et seq.); Public Act 30 of 1995 (MCL 460.561 et seq.); Public Act 266 of 1909 (MCL 460.601 et seq.); Public Act 347 of 1921 (MCL 460.651 et seq.); Public 53 of 1974 (MCL 460.701 et seq.); Public Act 448 of 1976 (MCL 460.801 et seq.); Public Act 254 of 1933 (MCL 475.1 et seq.); Public Act 16 of 1929 (MCL 483.1 et seq.); Public Act 9 of 1929 (MCL 483.101 et seq.); Public Act 165 of 1969 (MCL 483.151 et seq.); Public Act 179 of 1991 (MCL 484.2101 et seq.).

CUSTOMER IDENTIFICATION:

Customers – Governor’s Office, Legislature, citizens of Michigan, Department of Labor and Economic Growth and other departments, regulated entities, and customers of regulated entities.

Stakeholders – Governor’s Office, Legislature, regulated entities, customers of regulated entities, and citizens of Michigan.

CHALLENGES FACING THE MICHIGAN PUBLIC SERVICE COMMISSION:

- * Maintaining safe and reliable service in light of high national and international energy prices.
- * Developing needed energy sources while protecting the environment.
- * Promoting energy efficiency and renewable energy sources.

GOAL 1: Establish fair and reasonable rates for regulated services and adopt and administer fair terms and conditions of service for the State’s utility customers

Objective 1

1.1 Process 90 percent of all applications requesting approval of rate and tariff matters within the statutorily mandated timeframes.

<u>Highlight status</u>	<u>Strategy</u>
<ul style="list-style-type: none">• Green	<p>1.1 Monitor case activity through Commission case tracking system to assure all requisite processing is completed.</p> <p>Comment: 100 % compliance achieved. Staff is still experiencing significant hardship to meet these goals due to high case volumes and staff shortages and can be subject to extended timeframes due to circumstances outside the Commission’s control such as court decisions, legislative mandates, federal agency actions, and complexity.</p>

Objective 2

1.2 Resolve 90 percent of all customer complaints and inquiries within 30 days.

<u>Highlight status</u>	<u>Strategy</u>
<ul style="list-style-type: none">• Green	<p>1.2.1 Maintain the complaint tracking system to monitor and report on complaint activity regularly.</p> <p>1.2.2 Monitor and report on complaint trends and problem areas to focus staff efforts on reducing the number of complaints received in these areas.</p> <p>1.2.3 Answer all incoming customer complaints and inquiries by a live person within 20 seconds on entering the system to expedite complaint processing and increase customer satisfaction.</p> <p>Comment: This goal has been achieved for each month during the reporting period though student resources continue to be relied on to meet the objective. Staff resources in this area are chronically strained by high complaint volumes, the urgent and personal nature of the complaints received, and the challenges of handling disputes between customers and utilities.</p>

GOAL 2: Assure adequate and reliable supplies of regulated services to all Michigan customers, and the safe and efficient production, distribution, and use of the State's energy, telecommunications, and transportation services.

Objective 1

2.1 Inspect 40 jurisdictional natural gas transmission operators in 2007 for compliance with the Michigan Gas Safety Standards. Perform on-site inspection of 90 percent of major jurisdictional incidents. Maintain certification with the United States Department of Transportation.

<p><u>Highlight status</u></p> <ul style="list-style-type: none"> • Green 	<p><u>Strategy</u></p> <p>2.1 Jurisdictional pipeline facilities are divided into inspection units and each unit receives an onsite inspection twice annually using a prepared inspection form. Perform a number of tasks related to maintaining United States Department of Transportation Pipeline Safety Certification. Operators are required by the Michigan Gas Safety Standards to report all incidents that meet certain criteria and staff determines the major incidents to investigate for reporting purposes.</p> <p>Comment: Staff was able to meet all internal deadlines and perform inspections as required by the US Department of Transportation and has maintained the certification for 2007 and is on track to maintain for 2008.</p>
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Objective 2

2.2 Process all telecommunications interconnection agreements according to state and federal guidelines within required timeframes.

<p><u>Highlight status</u></p> <ul style="list-style-type: none"> • Green 	<p><u>Strategy</u></p> <p>2.2 Monitor caseload activity and regularly report progress to the Commission.</p> <p>Comment: Though the Commission is meeting these statutory timeframes, it will continue to rely on outside mediators and arbitrators as necessary to do so.</p>
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Objective 3

2.3 Prepare the 21st Century Energy Plan to ensure reliability of the supply in the state.

<p><u>Highlight status</u></p> <ul style="list-style-type: none"> • Green 	<p><u>Strategy</u></p> <p>2.3. Conduct meetings and research through established task force working groups to compile required information for report. Facilitate collaborative effort for policy development among important stakeholder groups.</p> <p>Comment: 21st Century Energy Plan Completed and issued</p>
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Objective 4

2.4 Promote safety of motor carrier industry by submitting a “watch list” of carriers suspected of operating in violation of the Motor Carrier Act to the Michigan State Police within 14 days of receiving a complaint and follow up for investigation results within 90 days.

<u>Highlight status</u> <ul style="list-style-type: none"> Amber 	<u>Strategy</u> <p>2.4. Continue safety requirement education and outreach to new entrants in the intrastate motor carrier industry and coordinate safety and training programs with other state and federal agencies. Increase coordination with the Michigan State Police/Motor Carrier Division to enhance enforcement and investigation activities related to safe motor carrier operations.</p> <p>Comment: Personnel shortages have impaired the agency’s ability to achieve the objective in a timely manner.</p>
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Objective 5

2.5 Monitor energy markets and maintain statistical data on energy demands, supply, and prices. Prepare and publish short term energy forecast to identify factors which may affect supply, demand, or prices by May and October 2007.

<u>Highlight status</u> <ul style="list-style-type: none"> Green 	<u>Strategy</u> <p>2.5.1. Conduct weekly residential heating oil and propane survey to collect data.</p> <p>2.5.2 Acquire statistical software required to produce bi-annual Michigan Energy Appraisal.</p> <p>2.5.3 Staff will continue to participate in the Energy Emergency Assurance Coordinators program sponsored by the U. S. Department of Energy.</p> <p>Comment: Summer Energy Appraisal was published May 1, 2007. Winter Energy Appraisal was published October 10, 2007. The Statistical Software is in place. Staff has continued to participate in the Energy Emergency Assurance Coordinator program.</p>
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GOAL 3

Assure the security of the State's critical infrastructure by promoting homeland security.

Objective 1

3.1 Complete an inventory and detailed profile of the state's critical energy infrastructure, including a risk and vulnerability assessment methodology.

<u>Highlight status</u>	<u>Strategy</u>
<ul style="list-style-type: none">Green	<p>3.1.1 Work with consultant hired by Department of Homeland Security.</p> <p>3.1.2 Meet with Michigan's major utilities and energy companies to validate results.</p> <p>Comment: This information is exempt from disclosure under FOIA and is law enforcement sensitive. Meetings have and will continue to be held with utilities and energy companies on the results of this work.</p>

Objective 2

3.2 Complete a summary of ongoing efforts to protect critical infrastructure in Michigan to determine if any gaps exist and report to the Homeland Security Advisory Council and Michigan Homeland Protection Board by the end of the Second quarter with recommendations for future actions.

<u>Highlight status</u>	<u>Strategy</u>
<ul style="list-style-type: none">Green	<p>3.2.1 Work through a consultant hired using funds provided by the Department of Homeland Security.</p> <p>3.2.2 Meet with Michigan major utilities and energy to validate the results of this work.</p> <p>Comment: The information is in part exempt from disclosure under FOIA and is Law Enforcement Sensitive. This objective is complete.</p>

Objective 3

3.3 Assure the readiness of the Commission and Department to respond to a terrorist attack or other natural hazard by providing training as provided by in the Michigan Emergency Management plan. Complete two training activities during the first quarter calendar year

<u>Highlight status</u>	<u>Strategy</u>
<ul style="list-style-type: none">• Green	<p>3.3.1 Explore how the E-team Crises management software might be used directly in support of the emergency reporting and communication procedures.</p> <p>3.3.2 Conduct training for Bureau staff on basic emergency management and response.</p> <p>3.3.3 DLEG Staff assigned to the Michigan Rapid Impact Assessment Teams to participate in training on the use of personal protective gear.</p> <p>Comment: DELG Bureau contacts were updated in the spring. An update to the DELG responsibilities contained in the Michigan Emergency Management Plan were obtained from each Bureau and submitted to the Emergency Management Division. One 800 MHz radio has been provided to the Department Director and two additional radios have been ordered for the Emergency Management Coordinator and one alternate. These activities needed to be completed before training was held. Upcoming exercises will be used to provide training opportunities. All Emergency Management Coordinator are required to take the IS700 and IS800- National Incident Management System (NIMS), training.</p>

Objective 4

3.4 Review and update Commission emergency procedures. Draft of Energy Emergency Operations Manual will be circulated for management review and approval.

<u>Highlight status</u> <ul style="list-style-type: none">• Green	<u>Strategy</u> <p>3.4 Commission Staff is currently reviewing all the Commission's existing emergency procedures (electric, gas and overall emergency operations manual) and additionally will be developing similar procedures for petroleum.</p> <p>Comment: The review has been completed.</p>
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GOAL 4

Promote the State's economic growth and enhance the quality of life of its communities through adoption of new technologies and efficient renewable energy resources.

Objective 1

4.1 Review state and federal legislation and other activities related to emerging telecommunication technologies in a timely manner to determine whether Commission involvement is warranted.

<u>Highlight status</u> <ul style="list-style-type: none">• Green	<u>Strategy</u> <p>4.1 Maintain rights-of-way permit web site and process requests for METRO tax credits.</p> <p>Comment: The rights-of-way permit website is updated and posted quarterly. All requests for METRO tax credits were processed promptly.</p>
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Objective 2

4.2 Establish initiatives to encourage growth in the use and production of renewable energy resources throughout the state to increase the percentage of renewable sources in the state's energy portfolio.

<u>Highlight status</u> <ul style="list-style-type: none"> Green 	<u>Strategy</u> 4.2.1 Establish a net metering program to make the self generation of power using renewable resources more attractive and financially viable. Comment: Staff report issued in September outlines plan for promoting renewable power through net metering.
<u>Highlight status</u> <ul style="list-style-type: none"> Green 	4.2.2 Approve two initial utility requests for proposals to create new green power programs that offer renewable energy to utility customers. Comment: Green power programs are operational for two largest utilities.

GOAL 5

Provide customers with the opportunity to choose alternative electric, natural gas, telecommunications, and transportation providers.

Objective 1

5.1 Process 100 percent of all complete license applications in accordance with statutory guidelines and timeframes.

<u>Highlight status</u> <ul style="list-style-type: none"> Green 	<u>Strategy</u> 5.1 Monitor activity through case tracking reports and train new staff in procedures related to case processing. Comment: Completed by all divisions.
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Objective 2

5.2 Maintain website information related to competitive alternatives current and post updates within 30 days of competitive provider license approval.

<u>Highlight status</u> <ul style="list-style-type: none"> Green 	<u>Strategy</u> 5.2 Hold appropriate staff person accountable to meet established deadlines for additions and updates.
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	Comment: Meeting established objectives.
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Objective 3

5.3 Report annually on number of newly licensed providers.

<u>Highlight status</u> • Green	<u>Strategy</u> 5.3 Include information in Commission reports. Comment: Information reported annually in the Commission Annual Report, Report on the Status of Telecommunications Competition in Michigan, and Report on the Status of Electric Competition in Michigan.
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GOAL 6

Provide regulatory oversight in a prudent and efficient manner while implementing legislative and constitutional requirements.

6.1 Utilize technology to increase access to Commission information and procedures and make case information and filing easier and more efficient for Commission staff, industry, and the public.

<u>Highlight status</u> • Green	<u>Strategy</u> 6.1.1 Implement streaming audio of hearings over the Internet for real-time public access. 6.1.2 Continue to improve case tracking and electronic filing processes to provide more information. Comment: A new Case Tracking System and Web based interface to access case status have been implemented.
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Objective 2

6.2 Promote the public's awareness of regulated issues through media relations activities. Conduct a minimum of six public fora throughout the state to allow the public direct access to the Commissioners and staff.

<u>Highlight status</u> <ul style="list-style-type: none">• Green	<u>Strategy</u> <p>6.2 Publicize the availability of this information through press releases, consumer alerts, and media contacts.</p> <p>Comment: Five new consumer alerts have been released this year, including 4 duplicates of existing alerts published in Spanish. Six public fora were conducted.</p>
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Objective 3

6.3 Provide copies of all official gas and electric tariffs electronically via the website, including archived versions.

<u>Highlight status</u> <ul style="list-style-type: none">• Green	<u>Strategy</u> <p>6.3 All current gas and electric tariffs and archives scanned and processed for posting to the website.</p> <p>Comment: Project completed for all current and future tariff filings.</p>
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Objective 4

6.4 Process all applications for intrastate motor carrier authority, review insurance filings, issue decals and special identification cards and continue single state registration system for interstate carriers in an efficient and cost effective manner.

<u>Highlight status</u> <ul style="list-style-type: none">• Green	<u>Strategy</u> <p>6.4 Informal hearings will be scheduled within 60 days of notice that a carrier's insurance has expired or been cancelled.</p> <p>6.4.2 Process all interstate authority renewals received by December 1 within 30 days.</p> <p>6.4.3 Process all single state registration applications received by November 1 within 60 days.</p> <p>6.4.4 Complete special identification card requests within 2 weeks.</p> <p>6.4.5 Continue to collect \$8 million annually in motor carrier fees to fund motor carrier and highway safety activities.</p>
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	Comment: Change in Federal motor carrier law temporarily halted collection of fees, but new federal rules are now in place and collection has resumed.
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FAST FACTS:

Michigan Public Service Commission has fewer staff than comparable agencies in other states.

	FTEs per million population	Michigan PSC Staff is ...
Michigan Public Service Commission	14.4	NA
U.S. Average	29.4	51% Smaller
Ten Largest States	21.8	34% Smaller
Great Lakes States	23.3	38% Smaller

Michigan Public Service Commission has lower budget than comparable agencies in other states.

	Budget per Capita	Michigan PSC Budget is ...
Michigan Public Service Commission	\$ 2.16	NA
U.S. Average	\$ 3.08	30% Lower
Ten Largest States	\$ 2.73	21% Lower
Great Lakes States	\$ 3.85	44% Lower

Activity Summary: Orders Issued

Type	2007	2006	2005
Total Orders	455	443	466
Communication	155	160	207
Electric	157	166	169
Natural Gas	60	79	83
Motor Carrier	83	38	7

Case Activity

Type	2007	2006	2005
Paper Cases	87	191	142
Electronic Cases	258	235	229
Paper Appeals	0	18	113
Electronic Appeals	78	85	171
Total Cases	423	529	655

Documents Processed

Type	2007	2006	2005
Official Pleadings	5935	8062	4991
Notices Issued	180	181	164
Hearings	314	378	361
Electronic Filings	6473	6173	6150